

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 2003-00345
GAS, INC.)	

O R D E R

On March 14, 2001, in Case No. 2001-00009, the Commission approved rates for Valley Gas, Inc. (Valley) and provided for their further adjustment on a quarterly basis in accordance with Valley s gas cost adjustment (GCA) clause.

On September 10, 2003, Valley filed its GCA to be effective October 1, 2003. Valley requested a waiver of the 30-day notice requirement because of a delay in obtaining a new rate for its gas supply. As KRS 278.180(1) permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley s proposed expected gas cost (EGC) is \$6.4565 per Mcf, which is an increase of \$1.1128 per Mcf from its previous EGC of \$5.3437.
3. Valley s notice sets out no current quarter refund adjustment.

4. Valley's notice sets out a current quarter actual adjustment (AA) of (57.77) cents per Mcf. Valley's notice sets out a total AA of (57.77) cents per Mcf, which is 31.56 cents per Mcf less than its previous total AA.

5. Valley's notice sets out a Balance Adjustment (BA) of (25.41) cents per Mcf, which is 25.41 cents per Mcf less than its previous total BA.

6. Valley's GCA is \$5.6247 per Mcf, which is 54.31 cents per Mcf more than the previous rate of \$5.0816.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley on and after October 1, 2003.

IT IS THEREFORE ORDERED that:

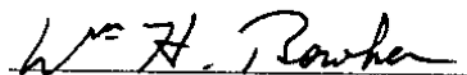
1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2003.

2. Within 20 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of September, 2003.

By the Commission

ATTEST:


Deputy Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00345 DATED September 25, 2003

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.50
All Mcf	\$2.3819	\$5.6247	\$8.0066